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[Proposed] Attorneys for Debtor and
 Debtor in Possession

[Proposed] Attorneys for Debtor and
 Debtor in Possession / Petitions to Practice
 in Nevada are Pending

UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF NEVADA

In re:

SPECIALTY TRUST, INC., et al.¹

- Affects this Debtor
- Affects all Debtors
- Affects Specialty Acquisition Corp.
- Affects SAC II
- Affects SAC D-1, LLC

Chapter 11

**Jointly Administered under
 Case No. 10-51432-GWZ**

Case Nos.
 10-51432
 10-51437
 10-51440
 10-51441

NOTICE OF SECOND AMENDED BUDGET

**Hearing Date: June 2, 2010
 Hearing Time: 2:00 p.m.**

TO THE HONORABLE BANKRUPTCY COURT AND INTERESTED PARTIES:

On May 3, 2010, the debtors and debtors in possession (the "Debtors") in the captioned chapter 11 cases filed the *Declaration of Nello Gonfiantini, III In Support of Debtors' Motion for Interim and Final Orders (A) Authorizing Debtors to Utilize Cash Collateral Pursuant to 11 U.S.C. § 363 and (B) Scheduling A Final Hearing Pursuant to Bankruptcy Rule 4001* (the "Gonfiantini

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, if applicable, are: Specialty Trust, Inc. (2463); Specialty Acquisition Corp. (3680); SAC II (2463); and SAC D-1, LLC (1858).

1 Declaration") and Exhibits A & B thereto, including a proposed DIP operating budget setting forth
 2 the proposed utilization of cash collateral by the Debtors for the period April 26, 2010 through
 3 August 27, 2010.

4 On May 6, 2010, the Debtors submitted *Notice of Errata Regarding Declaration of Nello*
 5 *Gonfiantini, III In Support of Debtors' Motion for Interim and Final Orders (A) Authorizing Debtors*
 6 *to Utilize Cash Collateral Pursuant to 11 U.S.C. § 363 and (B) Scheduling A Final Hearing*
 7 *Pursuant to Bankruptcy Rule 4001*, together with an amended DIP operating budget for the period
 8 April 26, 2010 through October 1, 2010 (the "First Amended Budget").

9 Attached hereto is a further amended budget for the period April 26, 2010 through October
 10 1, 2010 (the "Second Amended Budget"). The Second Amended Budget contains the following
 11 amendments:

12 1. Clarification of Management Fees line item. In the Second Amended Budget, the line
 13 item for the Management Fee has been broken into two separate line items, indicating the portion of
 14 the management fees to be paid to Specialty Financial Corp. and the portion of the management fees
 15 to be paid to other entities.

16 2. Addition of estimated fees and expenses of an investment banker. The Second
 17 Amended Budget adds a line item and estimated fees and expenses of an investment banker for
 18 which the Debtors anticipates filing a retention application in June 2010.

19 3. Addition of line item for fees of the Equityholders' Committee. The Second
 20 Amended Budget adds a line item for fees of the Equityholders' Committee. The estimated amounts
 21 are not yet budgeted as the Debtors' have not yet received sufficient information to develop an
 22 estimate.

23 4. Reduction of payroll expense. The Second Amended Budget reduces the line item for
 24 the Debtors' payroll expenses, which was overstated in prior iterations of the budget.

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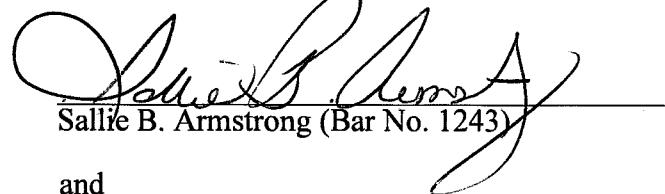
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1 5. Asset sale adjustments. The timing of certain asset sales (Hitt, 2522 supplemental
2 property, and Moreau) and the estimated proceeds from these asset sales have been adjusted.
3

4 Dated: May 28, 2010

DOWNEY BRAND LLP


5
6 Sallie B. Armstrong (Bar No. 1243)
7

and

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10 Victoria A. Newmark (CA Bar No. 183581)
11 PACHULSKI STANG ZIEHL & JONES LLP

12 Proposed Counsel for the Debtors and Debtors in
13 Possession

1 **Exhibit A**

2 **Second Amended Budget**

Specialty Trust, Inc DIP Operating Budget											
SPECIALTY TRUST, INC.		Week Beginning		10-May		17-May		24-May		31-May	
		26-Apr	3-May	\$ 1,746,345	\$ 1,744,345	\$ 1,737,845	\$ 1,737,845	\$ 1,701,170	\$ 1,701,170	\$ 1,738,597	
Beginning Cash Balance	\$ 1,582,384	\$ 1,702,918	\$ 1,746,345	\$ 1,744,345	\$ 1,737,845	\$ 1,737,845	\$ 1,737,845	\$ 1,701,170	\$ 1,701,170	\$ 1,738,597	
Interest Revenue	4,183	43,427									
Principal Repayments on Mortgage Loans Held for Investment											
Sale of Real Estate Owned											
Other Cash Receipts											
Total Cash Receipts	\$ 116,351 (1)	\$ 120,534	\$ 43,427	\$ -	\$ -	\$ -	\$ -	\$ 4,134	\$ 4,134	\$ 43,427	\$ -
Cash Disbursements											
Payroll, Servicing Dept.				2,000				2,000			2,000
Management Fees paid to Specialty Financial											203,475
Management and Servicing Fees - Other											18,108
Traditional Legal (9)											6,000
Accounting and Tax Services: Moss Adams 2009 audit & tax											
Real Estate & Related Professionals-New West Development											13,000
Other REO & Foreclosure Expense											
Investment in Real Estate Owned and Loan fundings											
Financing Provided for Sale of REO											
Directors Fees											
Interest Expense											
Bankruptcy Related Expenses											
Professional Fees (9)											
Investment Banker											55,000
Equity Committee											
US Trustee Fees											
Total Disbursements	\$ 6,500	\$ -	\$ 2,000	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 40,809	\$ 40,809	\$ 6,000	\$ 291,583
Ending Cash Balance	\$ 1,702,918	\$ 1,746,345	\$ 1,744,345	\$ 1,737,845	\$ 1,737,845	\$ 1,737,845	\$ 1,737,845	\$ 1,701,170	\$ 1,701,170	\$ 1,738,597	\$ 1,447,014

Notes:

- (1) \$8k from proceeds of foreclosure of supplemental 2522 collateral
- (2) Possible sale of Moreau property (no value listed)
- (3) Sale of Hitt property
- (4) Sale of 2522 property
- (5) Hitt property foreclosure expense
- (6) Sedona foreclosure expense \$15K; other REO maintenance expense \$10K
- (7) Waterfront Sun West Bank payment
- (8) Advance for fixed overhead/keep expenses of Nadador project, which may not have to be made if unit sale occurs
- (9) Professionals draw-downs on existing retainers are not reflected; it is anticipated that retainers will be fully applied by June

Specialty Trust, Inc													
DIP Operating Budget													
SPECIALTY TRUST, INC.													
		21-Jun	28-Jun	5-Jul	12-Jul	19-Jul	26-Jul	2-Aug		2-Aug		2-Aug	
Beginning Cash Balance	\$ 1,447,014	\$ 1,407,014	\$ 1,384,148	\$ 1,265,325	\$ 948,742	\$ 928,867	\$ 901,367	\$ 2,800,928					
Interest Revenue													
Principal Repayments on Mortgage Loans Held for Investment				4,134	45,927								
Sale of Real Estate Owned													
Other Cash Receipts													
Total Cash Receipts	\$ -	\$ 4,134	\$ 45,927	\$ -	\$ -	\$ 2,000,000	\$ 50,061	\$ -					
Cash Disbursements													
Payroll, Servicing Dept.		2,000				2,000		2,000					
Management Fees paid to Specialty Financial						203,475							
Traditional & Servicing Fees - Other						18,108							
Traditional - Legal (9)	15,000				6,000								
Accounting and Tax Services: Moss Adams 2009 audit & tax	25,000					15,000							
Real Estate & Related Professionals: New West Development						25,000							
Other REO & Foreclosure Expense						13,000							
Investment in Real Estate Owned and Loan fundings													
Financing Provided for Sale of REO													
Directors Fees					50,000								
Interest Expense													
Bankruptcy Related Expenses													
Professional Fees (9)					108,750								
Investment Banker						55,000							
Equity Committee													
US Trustee Fees													
Total Disbursements	\$ 40,000	\$ 27,000	\$ 164,750	\$ 316,583	\$ 19,875	\$ 27,000	\$ 151,000	\$ 311,583					
Ending Cash Balance	\$ 1,407,014	\$ 1,384,148	\$ 1,265,325	\$ 948,742	\$ 928,867	\$ 2,901,867	\$ 2,800,928	\$ 2,489,345					

Notes:

- (1) \$59K from proceeds of foreclosure of supplemental 2522 collateral
- (2) Possible sale of Moreau property (no value listed)
- (3) Sale of Hitt property
- (4) Sale of 2522 property
- (5) Hitt property foreclosure expense
- (6) Sedona foreclosure expense \$15K; other REO maintenance expense \$10K
- (7) Waterfront Sun West Bank payment
- (8) Advance for fixed overhead/upkeep expenses of Nadador project, which may not have to be made if unit sale occurs
- (9) Professionals' draw-downs on existing retainers are not reflected; it is anticipated that retainers will be fully applied by June

Specialty Trust, Inc DIP Operating Budget											
SPECIALTY TRUST, INC.											
		16-Aug	23-Aug	30-Aug	6-Sep	13-Sep	20-Sep	27-Sep			
Beginning Cash Balance	\$ 2,489,345	\$ 2,474,345	\$ 2,427,902	\$ 2,405,036	\$ 2,299,963	\$ 2,008,380	\$ 1,764,380				
Interest, Revenue											
Principal Repayments on Mortgage Loans Held for Investment			4,134	45,927							
Sale of Real Estate Owned											
Other Cash Receipts					- (2)						
Total Cash Receipts	\$ -	\$ -	\$ 4,134	\$ 45,927	\$ -	\$ -	\$ -	\$ 654,134			
Cash Disbursements											
Payroll, Servicing Dept.			2,000								
Management Fees paid to Specialty Financial											
Management and Servicing Fees - Other											
Traditional Legal (9)	15,000										
Accounting and Tax Services; Moss Adams 2009 audit & tax											
Real Estate & Related Professionals: New West Development											
Other REO & Foreclosure Expense											
Investment in Real Estate Owned and Loan fundings	46,443	(7)	25,000	(6)							
Financing Provided for Sale of REO											
Directors Fees											
Interest Expense											
Bankruptcy Related Expenses											
Professional Fees (9)					145,000						
Investment Banker											
Equity Committee						55,000					
US Trustee Fees											
Total Disbursements	\$ 15,000	\$ 46,443	\$ 27,000	\$ 151,000	\$ 291,583	\$ 244,000	\$ 73,443				
Ending Cash Balance	\$ 2,474,345	\$ 2,427,902	\$ 2,405,036	\$ 2,299,963	\$ 2,008,380	\$ 1,764,380	\$ 2,345,071				
Notes:											
(1) \$59k from proceeds of foreclosure of supplemental 2522 collateral											
(2) Possible sale of Moreau property (no value listed)											
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